

Notes for an address to the Saskatchewan Advisory  
Council on Soils and Agronomy, and the  
Saskatchewan Institute of Agrology.

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Fellow Agrologists, Ladies and Gentlemen. I have something of particular interest to talk to you about today, so it is with great pleasure that I represent Agriculture Canada's Deputy Minister, Jean-Jacques Noreau in bringing you news of the National Agricultural strategy signed recently by all eleven Ministers of Agriculture in Canada.

Governments are besieged by good advice, and Agriculture is no exception. We have had auditors' recommendations, Nielsen Reports, Senate Reports on soil and water, and Science Council reports on research. The time has come now for action in response to this advice - action on two linked fronts : a National Agricultural strategy agreed by all Ministers, and a set of commodity strategies being developed by Agriculture Canada and several provinces.

But first the background

In November 1985, the First Ministers identified the serious challenges facing the Canadian agriculture and food industry. They in turn charged the Ministers Responsible for Agriculture with addressing these challenges and developing a National Agriculture Strategy.

We all know that the Canadian Agriculture and Food Industry is a pillar of this country's economy. Annual sales exceed \$50 billion, and the sector provides stable employment for 12 per cent of the country's labour force in urban and rural Canada. Farm and food exports total approximately \$40 billion, representing an increase of 50 per cent during the last decade. In all, Agriculture and Food products account for one-third of Canada's trade balance.

But that pillar of the economy has been forced to contend with increasing problems. World surpluses of commodities, the emergence of new global competitors (some of which were former customers) and the predatory price-setting and trade practices of major exporters, such as the EEC and, more recently, the United States, are depressing world commodity prices. The medium-term outlook for Canadian agriculture and food has deteriorated substantially since the 1985 First Ministers' conference.

The sector is threatened with a crisis of uncertain duration and increasing financial pressure in every region of the country. Net

annual farm income in the Western Provinces has dropped from an average of \$2 billion in 1981-84 to \$1.8 billion in 1985. Further income reductions are anticipated through to 1988. A similar situation is occurring in some regions and some commodities in Eastern Canada. Overall, the real purchasing power of Canadian farmers has declined by 15 per cent since 1981.

Government support has been significant. In 1986-87, federal and provincial programs will provide close to \$4.9 billion in gross assistance, devoted mainly to credit programs, crop insurance, income stabilization, quality assurance, transportation, extension assistance to producers, research and marketing.

### A National Strategy

The response of Ministers of Agriculture - A National Agricultural Strategy - was put together carefully and thoughtfully during 1986, and they presented the final document to the First Ministers at their 1986 meeting in Vancouver, B.C. They summarized the blueprint for the strategy under five main headings. What they said was:

1. Farm financial security must be enhanced through measures to facilitate long-term financing and to address critical problem areas.
2. Protection against the climatic and market risks inherent in agricultural production requires continued commitment to improving crop and income insurance programs and marketing arrangement programs.
3. Soil and water resources must be protected and improved through conservation and development programs, thereby guaranteeing agricultural productivity for future generations.
4. Technology development and transfer policies must be designed to improve the competitive position of the Canadian Agriculture and Food Industry.
5. The further development of interprovincial and international trade is essential for a healthy, competitive agriculture and food industry.

### The Elements

Let's look at these five elements in greater detail. Firstly, Farm Financing and Financial Security.

In particular, the Ministers agreed on the desirability of redefining the role of the Farm Credit Corporation so that it contributes more effectively to the growth and development of the sector. Suggestions made include the guarantee of farm operating loans by the Farm Credit Corporation.

Government programs to provide loan guarantees, debt consolidation, interest rebates, and protection from property seizure are already being offered in some provinces. In addition, the introduction of federal Farm Debt Review Boards will increase this assistance.

Moreover, the implementation of the Canadian Rural Transition Program will assist farmers when their financial condition is beyond recovery.

#### Production and Market Risk

As the First Ministers had asked in 1985, an interim disaster relief program with a yield coverage of up to 80 per cent of the average was added to the basic grain and feed insurance programs for farmers in Western Canada who had extensive crop losses in 1984 and 1985. The special program for 1986 has been useful as a model for a permanent program. Additional protection will be developed for the 1987-88 crop year, following discussions between federal and provincial representatives.

In the area of market risk, Ministers have agreed on three basics to stabilization:

1. Stabilization programs must not serve as production incentive programs.
2. Stabilization programs must be established in a self-sustaining, actuarially sound manner.
3. National stabilization programs must be sensitive to regional differences.

There was agreement on marketing boards to cover certain commodities, but some concerns were also expressed by various ministers:

1. Anticipated benefits have been capitalized in the form of high quota and land prices.
2. Sharing of production quotas has been the cause of interprovincial conflict.
3. Supply management boards have placed too much emphasis on quota management and too little on market development policies.

#### Conservation and Development of Soil and Water Resources

I don't need to tell a Saskatoon audience that overcoming soil deterioration is one of the greatest challenges that must be met if the future of the Canadian agriculture and food sector is to be assured. The need to succeed in this area is even more important at a time when financial problems cause many farmers to pay less attention to long-range planning.

Jurisdictions in this area are split, but governments have agreed on a far higher degree of coordination between them, including

1. a coordinated conservation program, adapted to each province;
2. federal-provincial agreements to finance and coordinate these programs. Harry Hill, Director General of PFRA is presently conducting the opening rounds of these negotiations on behalf of the federal government;
3. Where appropriate, establishment of local water and soil conservation and development organizations would ensure farmers' participation. These organizations, already operating in some provinces, would be established according to need and would be a provincial responsibility.

#### Technology Development and Transfer

As a researcher myself, this area is one that is close to my heart. Canada spends about \$20 per head of the population, an amount second only to the United States, on research. Half of that research is presently funded and performed by the federal government.

With respect to the role of governments, federal and provincial efforts in research will be coordinated more closely by a series of bilateral annual agreements signed annually between Agriculture Canada and provincial departments. Agreements will also be reached on the transfer of that technology, and of technology coming in from outside, to clients in the agricultural sector.

The Ministers also recognized that the private sector, including producers, now shares with government the responsibility and the costs associated with technology development and transfer. It must also share in the planning and management of these systems to create a more diversified and stable agriculture and food industry.

The Ministers agreed to seek precise means to involve the private and institutional sectors actively in all aspects of research management and funding. The Ministers also reaffirmed that governments' support for these activities will be enhanced. This commitment to encourage the increased involvement of the private and institutional sectors in research does not mean, however, that all parties support plant breeders' rights.

Lastly, a system of research chairs in various agricultural disciplines at universities across Canada will be negotiated among governments, industry and institutions. These will enhance the research and technology development infrastructure supporting agriculture.

#### Farm Products Marketing

On interprovincial trade the Minister agreed to reduce trade barriers in farm and food products by adopting a more national approach

to regulations governing their production, processing and marketing.

In this regard, the programs affecting agriculture and food product transportation, particularly grains, are extremely important. The Ministers agreed that adjustments may be needed in transportation subsidies. In particular, the Ministers of Agriculture agreed to review the level of assistance under the Feed Freight Assistance Program for various destinations because, in the view of a number of Ministers, the current program is inadequate in light of today's grain transportation costs.

On the issue of international trade, the Ministers agreed on the importance of the new round of multilateral trade negotiations, as well as the ongoing Canada-U.S. bilateral trade talks. The Ministers acknowledged the efforts of the federal government in seeking enhanced trade opportunities.

### Commodity Links

These, then, are the five elements of the National Agricultural strategy finalized just a couple of months ago. The issue raised in them have generally to do with the infrastructure - the inputs - to agriculture in order to ensure a healthy capability to produce the goods in Canada.

The flip side of the coin - and one side cannot be separated from the other - is the direction of that productive capability for the good of Canada and each of its regions. This is where the Nielsen Report comes in with its recommendations on development of commodity based, market oriented strategies for agriculture as a whole, and Agriculture Canada in particular. Conrad L'Ecuyer has recently taken up the reins from Dave Gilmour on developing and steering commodity strategies in six major areas: red meats, poultry, dairy, grains and oilseeds, horticulture, and special crops.

Last September his team produced a framework paper which outlined the current situation and listed the critical issues facing each sector. He is now consulting with each province to broaden the document and ensure it reflects all provincial points of view.

Both of these documents - the National and the Commodity strategies - chart a direction for agriculture. They do not represent more 'good advice' from external sources, but a declaration of policy and intent by those agencies with the power to implement them. As such they will be guiding the actions and influencing the lives of all who sit in this room.

Thank you.